

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY PARIS IMMEDIATE

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PLEASE PASS ASSISTANT SECRETARY ENDERS

FOLLOWING SENT SECSTATE WASHDC FROM NEW DELHI 11 APR 75:

QUOTE LIMITED OFFICIAL USE NEW DELHI 4864

E.O. 11652: N/A

(DECLASSIFY UPON RECEIPT)

TAGS: EFIN, IN

SUBJ: RUPEES: COOLEY B AND ST. JOHNS

SUMMARY: WE ARE MORE THAN A LITTLE TIRED WITH THE CONFUSION ON OUR PL 48 AVAILABILITY. THIS MESSAGE STATES OUR CURRENT HOLDINGS, OUR EXPECTED RECIPITS THROUGH JUNE 30, 1975, AS WELL AS AVAILABILITY FROM COOLEY A. WE CONCLUDE THAT WE HAVE MORE THAN AMPLE RECEIPTS TO HANDLE THE JULY 1 CONVERSION AND THE ENTIRE RS. 26 MILLION FOR ST. JOHNS. ACTION REQUESTED: IF WASHINGTON DISAGREES WITH OUR NUMBERS PLEASE LET US KNOW IMMEDIATELY AS TO NATURE OF DISAGREEMENT. IF THERE IS NO DISAGREEMENT, PLEASE AUTHORIZE OBLIGATION OF RS. 26 MILLION TO ST. JOHNS. END SUMMARY

1. IT SEEMS OBVIOUS TO US FROM RECENT MESSAGES THAT THIS EMBASSY AND WASHINGTON ARE OPERATING IN TWO DIFFERENT WORLD
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WITH TWO DIFFERENT SETS OF STATISTICS ON OUR RUPEE HOLDINGS.

SINCE ALL RUPEE RECEIPTS AND EXPENDITURES ARE HANDLED HERE, WE HAVE FOUND IT AT TIMES LESS THAN AMUSING (AND CONSISTENTLY INACCURATE) TO RECEIVE OTHER NUMBERS FROM WASHINGTON. THIS MESSAGE ATTEMPTS TO SET OUT THE FACTS ON OUR PL 480 RUPEE AVAILABILITY AS FOLLOW:

A. OUR CURRENT HOLDINGS OF PL 480 RUPEES IN COOLEY ARE RS. 47.4 MILLION.

B. COOLEY LOAN PAYMENTS FALLING DUE UP THROUGH JUNE 30, 1975 ARE APPROXIMATELY RS. 60 MILLION. WE DO NOT EXPECT THAT ALL OF THESE PAYMENTS WILL BE MADE BUT BELIEVE THAT AN ESTIMATE OF RECEIPTS OF RS. 44.2 MILLION FOR THIS PERIOD WOULD BE REASONABLE. IN ADDITION, THERE IS A CONSIDERABLE POSSIBILITY THAT ACTUAL RECEIPTS WILL BE HIGHER SINCE ZUARI (WHICH IS EXCLUDED FROM THE RS. 44.2 FIGURE) HAS ADVISED US THAT THEY ARE WILLING TO MAKE THEIR PAYMENT TO US IF THEY OBTAIN THE APPROVAL OF THE BANK OF AMERICA. OPIC IS FOLLOWING WITH THE BANK OF AMERICA AND, ALTHOUGH WE HAVE ELIMINATED IT FROM OUR COLLECTIONS, WE ARE HOPEFUL THAT THE FULL AMOUNT OR POSSIBLY HALF WILL BE PAID BEFORE JUNE 30.

IN REGARD TO THE RS. 44.2 MILLION DUE BETWEEN NOW AND JUNE 30 WE ANTICIPATE BEING ABLE TO COLLECT SUBSTANTIALLY ALL OF IT PRIOR TO JUNE 30. THE BORROWERS STILL DUE IN APRIL OWE RS. 6.0 MILLION AND INCLUDE EVEREST, TRACTORS ENGINEERS, ROCKWELL INDIA, BOROSIL GLASS, LAL ROE, KUMARDHUBI, MADRAS RUBBER, EAST INDIAN HOTELS (INTEREST ONLY) AND HERDILIA CHEMICALS. OF THESE ACCOUNTS, EAST INDIA HOTELS, TRACTORS ENGINEERS AND ROCKWELL INDIAN HAVE PAID THE AGENT BANKS APPROXIMATELY RS. 2 MILLION AND THE MONEY IS IN TRANSIT TO THE USDO. OF THE REMAINING RS. 4 MILLION DUE IN APRIL, ONLY RS. 0.3 MILLION DUE FROM EVEREST REFRIGERATION IS LIKELY NOT TO BE PAID.

FOR THE MONTH OF MAY, WE PROJECT COLLECTIONS OF RS. 4.1 MILLION. THE BORROWERS INCLUDE SHREE SYNTHETICS, SEARLE, WYMAN GORDON, FERRO COATINGS, WHEELABRATOR, TAYLOR, HARIG, HINDUSTAN ALUMINUM, INDOFIL, AND MODIPON. OF THESE BORROWERS, WE WOULD ANTICIPATE NOT RECEIVING ONLY RS. 0.3 MILLION FROM WHEELABRATOR.

THE BULK OF THE COLLECTIONS, RS. 34.1 MILLION, ARE DUE IN JUNE. THESE COLLECTIONS INCLUDE RENUSAGAR - RS. 2.3 MILLION, FRICK, SHAVO NORGREN, WARNER HINDUSTAN - RS. 0.9 MILLION, ORIS LIMITED OFFICIAL USE

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ELEVATORS - RS. 0.4 MILLION, HINDUSTAN ALUMINUM - RS. 0.5 MILLION, UNION CARBIDE - RS. 1.2 MILLION, COROMANDEL FERTILIZERS - RS. 2.5 MILLION, VAZIR GLASS, MYSORE LAMPS, FIRST NATIONAL CITY BANK - RS. 3.1 MILLION, BANK OF AMERICA - RS. 2.5 MILLION, AMERICAN EXPRESS - RS. 2.4 MILLION, ZUARI (ACCOUNT NO. 198 ONLY) - RS. 11.9 MILLION, LUBE INDIAN - RS. 5.8 MILLION. WE ANTICIPATE COLLECTING SUBSTANTIALLY ALL OF THE PAYMENTS DUE IN JUNE AND HAVING THIS MONEY IN THE USDO PRIOR TO JUNE 30.

IN THIS REGARD, WE HAVE ALREADY CONTACTED THOSE BORROWERS OWING MORE THAN RSM 0.5 MILLION TO BE SURE THAT THEY MAKE THEIR PAYMENTS SUFFICIENTLY EARLY TO ALLOW THE USDO TO RECEIVE THEM PRIOR TO JUNE 30. IN EACH CASE, THE BORROWERS HAVE CONSENTED WITHOUT ANY HESITATION. ALTHOUGH WE ANTICIPATE SOME OF THE ACCOUNTS WILL UNDOUBTEDLY NOT MAKE THE PAYMENT BEFORE THE USDO CUT OFF DATE, WE ARE CONFIDENT THAT THE MAJORITY OF THE PAYMENTS WILL BE MADE. THEREFORE, ALLOWING OURSELVES A MARGIN OF ERROR OF RS. 10 MILLION (WHICH WE CONSIDER EXCESSIVE) WE WOULD STILL COLLECT RS. 34 MILLION IN THE FOURTH QUARTER OF FISCAL YEAR 75. IT MUST ALSO BE KEPT IN MIND THAT THESE FIGURES DO NOT INCLUDE THE RS. 13.4 MILLION FROM ZUARI ACCOUNT NO. 199.

C. REFERENCE HAS BEEN MADE IN PREVIOUS MESSAGES, INCLUDING SOME FROM THIS EMBASSY, TO "BORROWING" FROM COOLEY A. THIS IS A MISNOMER SINCE "BORROWING" ASSUMES THAT REPAYMENT WOULD HAVE TO BE MADE. IN FACT, WE WILL HAVE AN ADDITIONAL SOURCE OF UP TO 30 MILLION PL 480 RUPEES FROM COOLEY A SINCE WE ARE FINANCING ALL JOINT RESEARCH OBLIGATIONS FROM THE RUPEE ACCOUNT. WE ARE, HOWEVER, ATTRIBUTING SUCH EXPENDITURES WHICH WERE OBLIGATED PRIOR TO FEBRUARY 18, 1974 TO COOLEY A AND WILL, THEREFORE, HAVE AN EQUIVALENT AMOUNT OF PL 480 RUPEES AVAILABLE FOR OTHER USES. IT IS DIFFICULT TO COME UP WITH AN EXACT FIGURE FOR THIS "RECEIPT" SINCE IT DEPENDS ULTIMATELY ON ACTUAL EXPENDITURES OF PL 480 RUPEES. FROM JULY 1 TO DECEMBER 31, 1974 TO PRESENT WE HAVE SPENT ABOUT RS. 11 MILLION ON THIS TYPE OF JOINT RESEARCH AND THIS AMOUNT MAY BE CONSIDERED AN ACTUAL "RECEIPT" FOR PURPOSES OF COLLEY B EXPENDITURES. HOW CLOSE WE WILL GET TO THE RS. 30 MILLION MAXIMUM IS IMPOSSIBLE TO JUDGE BUT CERTAINLY LARGER "RECEIPTS" CAN BE EXPECTED.

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2. EXPENDITURES FROM COOLEY B CAN BE BROKEN DOWN AS FOLLOWS:

A. AID TO NEPAL - FUL RS. 65 MILLION HAS ALREADY BEEN TRANSFERRED AND NO FURTHER EXPENDITURE POSSIBLE DURING THE CURRENT FY.

B. CONVERSIONS - WHILE TECHNICALLY THE CONVERSION OBLIGATION COMES DUE ON JULY 1 WE WILL OBVIOUSLY NEED THE FUNDS AS OF JUNE 30. EXACT AMOUNT OF RUPEES REQUIRED FOR CONVERSION PAYMENT WILL DEPEND ON EXCHANGE RATE AS OF JULY 1 AND DEDUCTIONS DUE TO CONVERSION PAYMENTS TO TOURISTS. WE CURRENTLY ESTIMATE LATTER AT \$.6 MILLION AND THEREFORE EXPECT TO TRANSFER APPROXIMATELY \$5.0MILLION (RSM 45 MILLION) AT CURRENT EXCHANGE RATE. THIS AMOUNT COULD FLUCTUATE SLIGHTLY DUE TO CHANGES IN EXCAHNGE RATE BUT RS. 50 MILLION ALLOCATION WOULD APPEAR ABSOLUTELY SAFE.

C. OTHER EXPENDITURES: EMBASSY EXPENDITURES FROM

COOLEY B FROM JULY 1, 1974 THROUGH DECEMBER 31, 1974 FOR ALL OTHER PURPOSES, E. G., FBO, WERE RS. 2.2 MILLION. WE ARE TENTATIVELY ALLOCATING RS. 2.5 MILLION FOR THE LAST QUARTER OF THE FY. THIS ALLOWS FOR NORMAL EXPENDITURES PLUS A ONE SHOT FINAL PAYMENT ON THE USIS DELHI OFFICE BUILDING.

3. TO SUMMARIZE, OUR PRESENT HOLDINGS PLUS PROSPECTIVE RECEIPTS THROUGH JUNE 30 TOTAL SOMEWHERE BETWEEN RSM 92 MILLION AND RSM 122 MILLION. THE LOWER FIGURE IS PESSIMISTIC ON COOLEY LOAN REFLWS AND ONLY COUNTS EXISTING JOINT RESEARCH "RECEIPTS". THE HIGHER FIGURE INCLUDES OUR BEST ESTIMATE OF COLLEY LOAN RELOWS PLUS THE FULL RS. 30 MILLION FROM JOINT RESEARCH. EXPENDITURES OVER THE SAME PERIOD OF TIME ARE UNLIKELY TO REACH MORE THAN RS, 5 MILLION.

4. CONCLUSIONS AND ACTION REQUESTED. IN OUR OPINION THE ABOVE FIGURES CONCLUSIVELY DEMONSTRATE THAT WE HAVE SUFFICIENT FUNDS TO HANDLE ALL EXISTING OBLIGATIONS AS WELL AS THE ENTIRE AMOUNT OF THE ST. JOHNS GRANT. ACCORDINGLY WE REQUEST WASHINGTON TO EITHER CHALLENGE OUR FIGURES (WITH SPECIFICS) OR TO TAKE ACTION SO THAT THE ST. JOHNS GRANT MAY BE MADE DURING THE CURRENT FY. SAXBE UNQUOTE KISSINGER

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